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Approved For Release 2001/03/23 : CIA-RDP84-00688R000200260003-4

16 JUN 1977

MEMORANDUM FOR: Deputy Director for Administration

FROM: Thomas B. Yale
Director of Finance

SUBJECT: CIARDS Administration (U/AIUO)

1. (U/AIUO) This memorandum provides the information you recently requested concerning savings which could be realized by transferring our functional responsibilities for administration of all financial facets of CIARDS to the Civil Service Commission.

2. (U/AIUO) It is assumed that a legal basis could be established for a conceptual arrangement with key features essentially as follows:

- (a) (U/AIUO) The Agency to continue to have complete autonomy for determining eligibility for coverage and retirement under the present preferential formula.
- (b) (U/AIUO) Present CIARDS fund balance and appropriations already enacted be transferred to the Civil Service Retirement Fund.
- (c) (C) The Civil Service Retirement Fund to assume financial responsibility for payment of annuities in accordance with the existing "preferential" formula to all present CIARD's annuitants and survivors being paid overtly as CIA annuitants or under CSC cover and to all future retirees and survivors certified to CSC as entitled to annuities under this formula. Such annuity payments once commenced would be fully integrated with all other CSC annuity payments.
- (d) (C) The Agency to continue to determine annuity entitlements and to pay annuitants in cases determined to be too sensitive for administration by CSC. Funding for such payments could come from "netting" from current employee/employer contributions due to the Civil Service Retirement Fund.

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- (e) (U/AIUO) The Agency to process employee/employer contributions for CIARDS participants to the Civil Service Retirement Fund in a manner parallel (probably without segregation) to the processing of such contributions for CSC participants.
- (f) (U/AIUO) The Agency to process retirement records upon separation/retirement of CIARDS participants not too sensitive to be administered by CSC in a manner parallel to the processing of such records for CSC participants except that such records would be clearly flagged to indicate entitlements to benefits on the basis of the preferential CIARDS formula.

3. (U/AIUO) The end result following implementation of changes in procedures as outlined would be to eliminate the following work in the Office of Finance:

- (a) (C) Computation and payment of annuities, except for the sensitive cases
- (b) (U/AIUO) Record keeping for the Fund
- (c) (U/AIUO) Monitoring cash flow and investing funds not required for current annuity payments
- (d) (U/AIUO) Preparation of data required for actuarial evaluations
- (f) (U/AIUO) Correspondence incident to annuities

(C) The only workload that would be additional to that required for CSC participants would be (a) computation and payment of annuities to retired participants too sensitive to report to CSC and (b) the maintenance of a segregated system of retirement records as basis for making certification to CSC concerning entitlement on basis of CIARDS formula.

4. (U/AIUO) Estimated recurring type annual savings based on present workload would be as follows:

4 positions	\$ 65,000
ODP (estimated on basis of current year computer reports)	32,000
Supplies & Misc.	5,000
	<u>\$102,000</u>

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5. (U/AIUO) Should it be determined feasible or preferable to transfer less than all financial facets of CIARDS to the Civil Service Commission, we will revise the above costs estimates as necessary to recognize the continuing workload.

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